



Chattanooga Gas Company / 6125 Preservation Drive/ Chattanooga TN 37416

REGULATORY AFFAIRS

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EXECUTIVE SECRETARY

July 9, 2001

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville Tennessee 37243-0505

Re: Docket No. 01-00147 – Natural Gas Billing Policy Review

In response to the Tennessee Regulatory Authority's request for information as contained in the above docket, Chattanooga Gas Company hereby submits the following reply.

#### **Customer Information**

- **Would you explain what measures your company took to provide Customer Information before and during last winter's heating season?**

Answer:

Chattanooga Gas Company did not anticipate the drastic increase in gas prices that occurred during the winter of 2000-2001, and the subsequent hardships that would be experienced by our customers. After the rapid rise in gas, Chattanooga Gas Company notified customers that we would make every effort to make arrangements with them to pay their gas bill and maintain service. See attached insert that was included in all bills (Appendix A). A list of agencies were also disseminated to customers who needed assistance with paying their gas bill.

Chattanooga Gas Company also worked with local media including the Chattanooga Publishing Company, and most of the television media to assist them in covering news on higher gas prices. Higher natural gas prices was a highly publicized event this winter.

- **Would you tell us what lessons were learned during last winter's heating season and what improvements you would make to better inform customers this year?**

Answer:

Chattanooga Gas Company learned that we need to be more proactive in communicating gas prices to our customers. Better communication can be achieved through inserts in gas billings, and by working with local media to ensure that our customers are informed on costs of natural gas. The Company will continue to provide information to our customers through bill inserts and the news media.

- **Could you tell us what aspects of the Customer Information program worked the best last year?**

Answer:

Our cooperation with local media to disseminate information on gas prices was most effective.

- **What is your company's action plan to better inform customers about the coming heating season? Could you provide a timetable for these efforts?**

Answer:

The Company plans to communicate with our customers through informational advertising. The Company has not finalized a timetable for these efforts, however, we do anticipate our communication to begin sometime this Fall when there is a better understanding of the projected level of gas cost for the winter heating season.

### **Service Policy**

- **Would you explain your standard company policy for termination of service for non-payment? Then explain what measures or changes were made to this policy before and during last winter's heating season?**

Answer:

Under the current disconnect policy, Chattanooga Gas Company customer's have to be in default for 60 days before the system will issue a disconnect notice. Customers are then allowed 10 additional days to either pay the outstanding bill or call and make arrangements for credit terms. Under our credit terms policy, which takes into consideration a customer's historical payment record and credit history, credit arrangement can be extended from a few weeks to as long as three months. If customers

default on a payment arrangement, our system will issue a Shut off for Non-Pay (SONP) order the following day.

Chattanooga Gas Company's disconnect policy is very liberal and allows customers almost double the time (60 days versus 30 days), provided in Chattanooga Gas Company's Rules and Regulations (TPSC. No. 2, Second Revised Sheet No. 5).

Additionally, Chattanooga Gas Company made modifications to our policy during this past winter to extend credit arrangements for up to 120 days to address the disconnect concerns of the Tennessee Regulatory Authority. The Company also softened deposit requirements for customers requesting gas reconnects. The Company did not require disconnected customers to pay security deposit in advance of service reconnection. The Company is also evaluating the current budget payment policy to determine the training and system reprogramming that will be required if the Company opens this program to existing customers with past due balances during the heating season.

- **Would you tell us what lessons were learned during last winter's heating season and what improvements you would make to the contingency plan to correct these problem areas?**

Answer:

The Company learned that despite high gas prices, the number of disconnects for non-pay were consistent with previous years numbers. Therefore, the Company feels that the measures that were implemented were successful in assisting customers with high gas bills. Given the results, the Company feels no additional changes are necessary at this time.

- **Could you tell us what aspects of the plan worked the best last year?**

Answer:

Extending the time on credit arrangements to 120 days was very helpful to many customers. This change allowed customers more time to make their bills current.

- **Does your company plan to continue this contingency plan for the coming heating season? If not, why not? If so, are all aspects of the plan in place? If not, what is the company's timetable for these efforts?**

Answer:

The Company has not made a final decision on whether or not to extend changes that were made this winter period. The Company will continue to monitor gas costs to determine if special measures are needed again next year. The Company will make every

effort to strike a balance between these needs, and the associated higher costs that may be shouldered by all rate payers in the future.

### **Billing Plans**

- **Would you outline your company's current budget-billing program? And explain what changes were made to this plan before and during last winter's heating season? Provide an outline of the special payment options that were developed as part of the contingency plans last winter. Include the restrictions and requirements of the plan in your outline.**

Answer:

#### **Chattanooga Gas Company's Budget Payment Plan**

1. Allows customer to spread out yearly gas charges in equal payments.
2. September is the starting month for the program, however, customers can begin budget billing on any calendar month.
3. Payments are calculated based on the 12 previous months history, and divided by 12 to determine monthly budget payment.
4. Accounts are reviewed 3 times during year, and adjusted if budget payments are not sufficient to cover yearly charges.
5. Company's disconnect policy also applies to customers on budget billing.
6. Customer's account must be current to be eligible for budget billing.

No changes were made to Chattanooga's budget billing program last year. The Company did review the option of waiving the requirement for customers to be current before adding them to the program. The Company decided not to offer this option because of the associated cost involved.

#### **Chattanooga Gas Company's Special Payment Options**

1. Allows customer to make arrangements on gas charges in arrears to avoid disconnection.
  2. Based on customer's credit, arrangement can be made for as long as 90 days on gas billings in arrears.
  3. Chattanooga Gas Company extended period to 120 days, and waived credit requirements for customers requesting the maximum term.
- **Would you tell us what lessons were learned during last winter's heating season and what changes you would make to these plans to correct any problem areas this year?**

Answer:

Based on statistical information on disconnects, it appears that the Company's special payment options were effective in minimizing customer disconnects since disconnect numbers were consistent with historical numbers. Therefore, the Company does not anticipate any changes to the current plan to mitigate the effects of high gas costs to customers.

- **Could you tell us what aspects of the plans worked the best last year?**

Answer:

The Company allows 60 days before a disconnect order is issued, whereby the customer then has an additional 10 days to make arrangements. The Company disconnect policy is very liberal, and with an additional 120 days to make arrangements, customers can catch up on gas charges during the summer to avoid disconnection.

The Company's disconnect policy is much more lenient than the local electric distributor and other comparable utilities in our area. For example, the Electric Power Board (EPB) will disconnect customers if they fail to pay electric bill after 7 days of the due date.

- **Will your company continue these Billing Plans during the coming heating season? If not, why not? If so, are all aspects of the plans in place? If not what is the company's timetable for these efforts?**

Answer:

Chattanooga Gas Company will continue to monitor to determine if gas costs have declined to a level that moderates the need for the Company to make permanent actions that were implemented this year. The Company will balance the needs of negatively impacted customers versus the associated costs that may be shouldered by other rate payers.

The Company has not made a final decision in regards to continuing any special billing practices that were effectuated this year.

If you have any additional questions, please call Earl Burton at 423-490-4311 or Archie Hickerson at 404-584-3855.

Sincerely,  
  
Earl Burton

Cc: Archie Hickerson  
Larry Buie

**IMPORTANT INFORMATION - PLEASE READ**



**Chattanooga Gas Company**

In recent months, wholesale natural gas prices have been at record highs nationally. Chattanooga Gas Company shares your concern about the cost of natural gas, and would like to encourage you to conserve energy in the coming months.

If you or someone that you know is in need for **financial assistance** for their natural gas bills, we would like to urge you to get help. Many non-profit associations offer assistance and special programs designed to help consumers with their energy bills. Here is a partial list of organizations that might be able to help you:

**First Call For Help**, a clearinghouse with a database of community resources: (423) 265-8000

**Low-Income Home Energy Assistance Program**, Chattanooga Human Services Department (during winter heating season only): (423) 757-5227

In addition, our **Customer Care Center** is available at 1-800-427-5463 to help you:

- Make payment arrangements on your gas bill; or
- Declare that you have a medical illness and are under a doctor's care.

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